

# United States Senate

WASHINGTON, DC 20510

March 16, 2000

The Honorable David Walker  
Comptroller General of the United States  
General Accounting Office  
441 G Street, N.W.  
Washington, D.C. 20548

Dear Comptroller General Walker:

The General Accounting Office (GAO), Division of Education, Workforce, and Income Security Issues, is currently in the process of studying and preparing a report for the Special Committee on Aging and the Committee on Small Business. The subject of the study relates to the Pension Benefit Guaranty Corporation (PBGC). GAO's workplan is threefold:

- Determine the basis for PBGC's decisions regarding the use of contractors vs. government FTEs to service its workloads;
- Assess how appropriate PBGC's processes and procedures are for selecting contractors; and
- Analyze PBGC's effectiveness in monitoring contractor performance.

We recognize GAO's target date for delivery of a product is August 2000 and appreciate GAO's efforts thus far to prepare for testimony at a hearing on this study. However, other circumstances have caused us to postpone the hearing indefinitely.

In the meantime, we believe it would enhance the report to include several additional matters. First, it would be helpful to include an analysis that examines the growth of contractors at PBGC, since its inception. It is our understanding that the basis for conclusions in this regard are already a part of GAO's study.


Second, it would be useful to compare and contrast the total number of PBGC's human resources, both contractors and FTEs, with other similar entities, i.e., government-owned corporations such as Federal Housing Authority and Federal Deposit Insurance Corporation, as well as Department of Labor's Pension Welfare and Benefit Administration. In this regard, it would be beneficial to examine and compare the workloads of these entities over time with the increase or decrease in human resources utilized. It is our understanding that the PBGC has experienced a reduction in large,

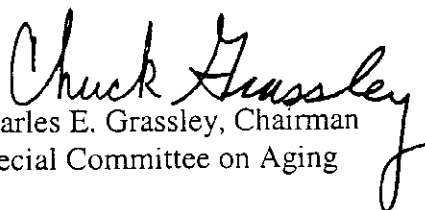
terminated plans at the same time it has increased its human resources, even though the processing time of determinations has not decreased accordingly. Therefore, we would appreciate an analysis that compares the number of participants in plans administered by PBGC from 1974 to the present contrasted against PBGC's FTEs and contractors for those same years.

We recognize that this new request could delay the target date for the report beyond August 2000; however, we believe strongly that analysis of these new factors would provide for a more complete review of PBGC. Although this request could be viewed as a new request, we think it is an integral part of the ongoing study of PBGC and request that the two studies not be separated. In addition, we would appreciate the opportunity to discuss the priority of the study and a previously requested study on cash balance plans. It now appears that it may be advisable to suspend work on the PBGC study to begin work on the issue of cash balance plans. In any event, we would appreciate the opportunity to discuss this further at your earliest convenience.

Thank you for your attention to this matter. Please do not hesitate to contact Lauren Fuller or Gina Falconio with the Special Committee on Aging at 202-224- or Cordell Smith with the Committee on Small Business at 202-224- , if there are questions.

Sincerely,

  
Christopher Bond, Chairman  
Committee on Small  
Business

  
Charles E. Grassley, Chairman  
Special Committee on Aging

  
John Breaux, Ranking Member  
Special Committee on Aging